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DEPARTMENT OF ENERGY
FEDERAL ENERGY REGULATORY COMMISSION

Kinder Morgan Interstate Gas Transmission L.L.C.

Docket No. CP12-495-000

NOTICE OF INTENT TO PREPARE AN
ENVIRONMENTAL ASSESSMENT FOR THE PROPOSED
PONY EXPRESS PIPELINE CONVERSION PROJECT
AND
REQUEST FOR COMMENTS ON ENVIRONMENTAL ISSUES

The staff of the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental assessment (EA) that will discuss the environmental impacts of the Pony Express Pipeline Conversion Project involving conversion of facilities from natural gas to oil and construction and operation of new facilities by Kinder Morgan Interstate Gas Transmission L.L.C. (KMIGT) in various counties in Wyoming, Kansas, Colorado and Nebraska. The Commission will use this EA in its decision-making process to determine whether the project is in the public convenience and necessity.

This notice announces the opening of the scoping process the Commission will use to gather input from the public and interested agencies on the project. Your input will help the Commission staff determine what issues they need to evaluate in the EA. Please note that the **scoping period will close on October 29, 2012.**

This notice is being sent to the Commission's current environmental mailing list for this project. State and local government representatives should notify their constituents of this proposed project and encourage them to comment on their areas of concern.

If you are a landowner receiving this notice, a pipeline company representative may contact you about the acquisition of an easement to construct, operate, and maintain the facilities for the new segments of natural gas pipeline proposed in this project. The company would seek to negotiate a mutually acceptable agreement. However, if the Commission approves the project, that approval conveys with it the right of eminent domain. Therefore, if easement negotiations fail to produce an agreement, the pipeline

company could initiate condemnation proceedings where compensation would be determined in accordance with state law.

KMIGT provided landowners with a fact sheet prepared by the FERC entitled “An Interstate Natural Gas Facility On My Land? What Do I Need To Know?”. This fact sheet addresses a number of typically-asked questions, including the use of eminent domain and how to participate in the Commission's proceedings. It is also available for viewing on the FERC website (www.ferc.gov).

Summary of the Proposed Project

KMIGT proposes to: (1) abandon certain natural gas pipeline facilities and the natural gas service therefrom by transfer to an affiliate, Kinder Morgan Pony Express Pipeline LLC (KMPXP), for the purpose of converting the facilities to oil transportation facilities; and (2) construct and operate certain replacement type facilities necessary to continue service to existing natural gas firm transportation customers following the proposed conversion. KMIGT also is seeking authorization to construct certain new compression, pipeline segments and interconnects and has agreed to enter into transportation arrangements with Southern Star Central Gas Pipeline, Inc. (SSC), Trailblazer Pipeline Company, LLC (Trailblazer), Wyoming Interstate Company, Ltd. (WIC) and Natural Gas Pipeline Company of America LLC (NGPL) in order to maintain service for the long-term customer needs of approximately 104,000 dekatherms per day (Dth/day).

Facilities

KMIGT requests Natural Gas Act, Section 7(b) authorization to abandon in place approximately 432.4 miles of the existing Pony Express Pipeline (consisting of 139.1 miles of 20-inch-diameter pipeline, 244.5 miles of 22-inch-diameter pipeline and 48.8 miles of 24-inch-diameter pipeline), with appurtenances, commencing at the discharge side of the Guernsey Compressor Station located in Platte County, Wyoming and terminating at the NGPL Interconnect located in Lincoln County, Kansas.

The facilities listed in Table 1 would be abandoned under Section 7(b) of the regulations. Note, numerous additional ancillary facilities and interconnects would also be abandoned.

Table 1

Name of Facility	Location (County, State)	Proposed Work
Pony Express Pipeline (PXP)	Wyoming, Nebraska, Colorado, Kansas	Abandon 432.4 miles existing 20-, 22-, and 24-inch diameter pipeline
Sterling Station	Logan County, Colorado	Abandon PXP Sterling Compressor Station
Omimex Bledsoe Tap/Receipt Meter	Yuma County, Colorado	Abandon 1 valve/tap/receipt site
Omimex Ferguson Receipt Tap/Meter	Phillips County, Colorado	Abandon 1 valve/tap/receipt site
Noble Energy Tap/Receipt Meter	Kimball County, Nebraska	Abandon 1 valve/tap/receipt site
NGPL Delivery Meters	Lincoln County, Kansas	Change delivery to receipt meters (reverse meter)
Herndon Station	Rawlins County, Kansas	Abandon Herndon Compressor Station
Laton Station	Osborne County, Kansas	Abandon Laton Compressor Station

The facilities listed in Table 2 are proposed to be constructed under Section 7(c) of the regulations. Note, numerous additional ancillary facilities and modifications would also be constructed.

Table 2

Name of Facility	Location (County, State)	Proposed Work
Glenrock Station	Converse County, Wyoming	Install one additional 500 HP electric compressor unit to existing Glenrock Compressor Station (powered by electric motors)
WIC interconnect	Converse County, Wyoming	Modify WIC delivery meter by adding additional meter run
Yuma Station	Yuma County, Colorado	Install one additional 350 HP JGR/2 compressor unit to former Yuma Compressor Station site (powered by electric motor)
Sterling Ethanol Lateral	Logan County, Colorado	Construct 3 miles of new 4-inch natural gas pipeline lateral
Yuma Station SSC Delivery Meter	Yuma County, Colorado	Construct new delivery meter station at former Yuma Compressor Station site
Rockport Station Interconnect	Weld County, Colorado	Construct new SSC receipt point at the existing Rockport Compressor Station
Rockport-Trailblazer Interconnect Lateral	Weld County, Colorado	Install approximately 150 feet interconnection pipe from Rockport discharge to interconnect with Trailblazer (TPC)
Adams Interconnect	Adams County, Nebraska	Expand interconnect with Trailblazer (TPC)
Trenton Ethanol Lateral	Hitchcock County, Nebraska and Rawlins County, Kansas	Construct 22 miles of new 4-inch natural gas pipeline lateral

Name of Facility	Location (County, State)	Proposed Work
NGPL Receipt Meters	Lincoln County, Kansas	Change delivery to receipt meters (reverse meter)
NNG Delivery Meter	Ottawa County, Kansas	Change to bidirectional meter
Tescott Compressor Station	Ottawa County, Kansas	Construct new Compressor Station and related tie-in piping gas driven up to 14,200 HP (4 units at 3,550 HP each)
Tescott Compressor Station to NNG Delivery (Tescott Interconnection Line)	Ottawa County, Kansas	Install approximately 1 mile of 12-inch pipe from Tescott Compressor Station to NNG parallel to PXP

KMIGT would abandon certain auxiliary facilities that were previously constructed under the authority of Section 2.55(a) of the Commission's Regulations, and construct additional auxiliary facilities pursuant to Section 2.55(a) as well.

The general location of the project facilities is shown in appendix 1.¹

Non-Jurisdictional Facilities

KMPXP is planning to convert/construct the following non-jurisdictional facilities:

- Convert the 432 miles of pipeline abandoned by KMIGT to transport oil;
- construct the 260-mile pipeline (Cushing Lateral) from Lincoln County, Kansas to Cushing, Oklahoma;
- construct 4 to 11 pump stations along the existing Pony Express Pipeline (PXP); and
- replace certain short pipe segments (spans, exposed stream crossings, etc.).

In addition, the planned crude oil pipeline would include approximately 35 new horizontal directional drill crossings at sensitive locations along the PXP. KMPXP plans to file applications with appropriate U.S. Army Corps of Engineers (USACE) districts by the end of 2012 for the proposed crude oil pipeline. Under Section 404 of the Clean Water Act, a permit would be required for activities such as crossing an intermittent or perennial stream or wetland with a pipeline or access road or placing temporary diversion structures in a waterway. As required, KMPXP would prepare a Section 404 pre-construction notification (PCN) for Colorado, Kansas, and Oklahoma for submittal to the

¹ The appendices referenced in this notice will not appear in the Federal Register. Copies of appendices were sent to all those receiving this notice in the mail and are available at www.ferc.gov using the link called "eLibrary" or from the Commission's Public Reference Room, 888 First Street NE, Washington, DC 20426, or call (202) 502-8371. For instructions on connecting to eLibrary, refer to the last page of this notice.

USACE. The PCNs would also include documentation of coordination for Endangered Species Act compliance and Section 106 compliance. In addition, potential State permits are listed below that may be required from the State Engineer's Office, Water Quality Division, or Air Quality Division:

- 401 Water Quality Certification application;
- Stormwater Notice of Intent;
- Hydrostatic test water intake and discharge permit applications; and
- Air Quality Construction permit applications.

These non-jurisdictional facilities are not subject to the FERC's environmental review procedures. We have made a decision to not review these non-jurisdictional facilities in the EA. However, the EA will describe their location, status, and known environmental impacts, and a list of the responsible agencies. We are specifically seeking comment on this decision.

Land Requirements for Construction

Construction of the proposed facilities would disturb about 261.7 acres of land for the aboveground facilities and the pipeline. Following construction, KMITG would maintain about 110.4 acres for permanent operation of the project's facilities including 64.3 acres for the aboveground facilities; the remaining acreage would be restored and revert to former uses. The proposed 22 miles of 4-inch-diameter pipeline beginning in Rawlins County Kansas and terminating in Hitchcock County, Nebraska would parallel and overlap the existing Pony Express Pipeline for its entire length, and approximately 0.4 miles of the pipeline would require new right-of-way. About 51 percent of the proposed 3 miles of 4-inch-diameter pipeline within Logan County, Colorado would parallel the existing PXP.

The EA Process

The National Environmental Policy Act (NEPA) requires the Commission to take into account the environmental impacts that could result from an action whenever it considers the issuance of a Certificate of Public Convenience and Necessity. NEPA also requires us² to discover and address concerns the public may have about proposals. This process is referred to as "scoping." The main goal of the scoping process is to focus the analysis in the EA on the important environmental issues. By this notice, the Commission requests public comments on the scope of the issues to address in the EA. We will consider all filed comments during the preparation of the EA.

² "We," "us," and "our" refer to the environmental staff of the Commission's Office of Energy Projects.

In the EA, we will discuss impacts that could occur as a result of the construction and operation of the proposed project under these general headings:

- geology and soils;
- land use;
- water resources, fisheries, and wetlands;
- cultural resources;
- vegetation and wildlife;
- air quality and noise;
- endangered and threatened species;
- public safety; and
- alternatives.

We will also evaluate reasonable alternatives to the proposed project or portions of the project, and make recommendations on how to lessen or avoid impacts on the various resource areas.

The EA will present our independent analysis of the issues. The EA will be available in the public record through eLibrary. Depending on the comments received during the scoping process, we may also publish and distribute the EA to the public for an allotted comment period. We will consider all comments on the EA before making our recommendations to the Commission. To ensure we have the opportunity to consider and address your comments, please carefully follow the instructions in the Public Participation section beginning on page 7.

With this notice, we are asking agencies with jurisdiction by law and/or special expertise with respect to the environmental issues of this project to formally cooperate with us in the preparation of the EA³. Agencies that would like to request cooperating agency status should follow the instructions for filing comments provided under the Public Participation section of this notice.

Consultations Under Section 106 of the National Historic Preservation Act

In accordance with the Advisory Council on Historic Preservation's implementing regulations for section 106 of the National Historic Preservation Act, we are using this notice to initiate consultation with applicable State Historic Preservation Offices (SHPO), and to solicit their views and those of other government agencies, interested Indian tribes,

³ The Council on Environmental Quality regulations addressing cooperating agency responsibilities are at Title 40, Code of Federal Regulations, Part 1501.6.

and the public on the project's potential effects on historic properties.⁴ We will define the project-specific Area of Potential Effects (APE) in consultation with the SHPOs as the project develops. On natural gas facility projects, the APE at a minimum encompasses all areas subject to ground disturbance (examples include construction right-of-way, contractor/pipe storage yards, compressor stations, and access roads). Our EA for this project will document our findings on the impacts on historic properties and summarize the status of consultations under section 106.

Currently Identified Environmental Issues

We have already identified several issues that we think deserve attention based on a preliminary review of the proposed facilities and the environmental information provided by KMIT. This preliminary list of issues may be changed based on your comments and our analysis.

- The project may impact wildlife habitat;
- the project may potentially spread noxious weeds and aquatic invasive species;
- the project may affect federally endangered or threatened species; and
- the project could potentially affect cultural resources; and
- noise impacts may occur at noise sensitive areas from horizontal directional drilling activities and a new compressor station addition and existing compressor station modifications.

Public Participation

You can make a difference by providing us with your specific comments or concerns about the project. Your comments should focus on the potential environmental effects, reasonable alternatives, and measures to avoid or lessen environmental impacts. The more specific your comments, the more useful they will be. To ensure that your comments are timely and properly recorded, please send your comments so that the Commission receives them in Washington, DC on or before **October 29, 2012**.

For your convenience, there are three methods which you can use to submit your comments to the Commission. In all instances please reference the project docket number (CP12-495-000) with your submission. The Commission encourages electronic

⁴ The Advisory Council on Historic Preservation's regulations are at Title 36, Code of Federal Regulations, Part 800. Those regulations define historic properties as any prehistoric or historic district, site, building, structure, or object included in or eligible for inclusion in the National Register of Historic Places.

filing of comments and has expert staff available to assist you at (202) 502-8258 or efiling@ferc.gov.

- (1) You can file your comments electronically using the [eComment](#) feature on the Commission's website (www.ferc.gov) under the link to [Documents and Filings](#). This is an easy method for interested persons to submit brief, text-only comments on a project;
- (2) You can file your comments electronically using the [eFiling](#) feature on the Commission's website (www.ferc.gov) under the link to [Documents and Filings](#). With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on "[eRegister](#)." You must select the type of filing you are making. If you are filing a comment on a particular project, please select "Comment on a Filing"; or
- (3) You can file a paper copy of your comments by mailing them to the following address:

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Environmental Mailing List

The environmental mailing list includes federal, state, and local government representatives and agencies; elected officials; environmental and public interest groups; Native American Tribes; other interested parties; and local libraries and newspapers. This list also includes all affected landowners (as defined in the Commission's regulations) who are potential right-of-way grantors, whose property may be used temporarily for project purposes, or who own homes within certain distances of aboveground facilities, and anyone who submits comments on the project. We will update the environmental mailing list as the analysis proceeds to ensure that we send the information related to this environmental review to all individuals, organizations, and government entities interested in and/or potentially affected by the proposed project.

If we publish and distribute the EA, copies will be sent to the environmental mailing list for public review and comment. **If you would prefer to receive a paper copy of the document instead of the CD version or would like to remove your name from the mailing list, please return the attached Information Request (appendix 2).**

Becoming an Intervenor

In addition to involvement in the EA scoping process, you may want to become an “intervenor” which is an official party to the Commission’s proceeding. Intervenor’s play a more formal role in the process and are able to file briefs, appear at hearings, and be heard by the courts if they choose to appeal the Commission’s final ruling. An intervenor formally participates in the proceeding by filing a request to intervene. Instructions for becoming an intervenor are in the User’s Guide under the “e-filing” link on the Commission’s website.

Additional Information

Additional information about the project is available from the Commission’s Office of External Affairs, at (866) 208-FERC, or on the FERC website at www.ferc.gov using the “eLibrary” link. Click on the eLibrary link, click on “General Search” and enter the docket number, excluding the last three digits in the Docket Number field (i.e., CP12-495). Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at FercOnlineSupport@ferc.gov or toll free at (866) 208-3676, or for TTY, contact (202) 502-8659. The eLibrary link also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission now offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. Go to www.ferc.gov/esubscribenow.htm.

Finally, public meetings or site visits will be posted on the Commission’s calendar located at www.ferc.gov/EventCalendar/EventsList.aspx along with other related information.

Dated: September 28, 2012

Kimberly D. Bose,
Secretary.